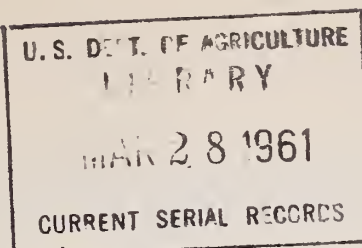


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FEBRUARY 1960
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FEB. 26, P. M.

The DEMAND and PRICE SITUATION

DPS-62



SUMMARY

Approved by the Outlook and Situation Board, January 19, 1960

Business activity improved in January and early February, led by a 6 percent gain in production of durable goods. Automobile production increased about a fourth. Dealer sales of new cars were about a tenth higher than a year earlier; stocks increased by over 200,000 units to about 800,000, a record level for the month. Steel output continued at near capacity levels. Inventories were building up more rapidly than was previously anticipated. Construction activity in January rose for the second month and was close to year earlier levels, but still below the peak last spring. With higher employment and earnings, the flow of consumer income reached a rate of \$393.3 billion in January, 7 percent above a year ago.

Prices received by farmers firmed at the beginning of 1960 with improvement in both the crop and livestock groups. Led by increases in interest, taxes and farm wages, cost rates rose nearly as much as prices received, leaving the parity ratio at 77 in January, the same as in December, but down 5 points from a year ago.

(Continued on page 3)

Published monthly by
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1959					1960
		Year	Jan.	Oct.	Nov.	Dec.	Jan.
Industrial production, seasonally adj. <u>1/</u>	1947-49=100	159	152	155	155	165	169
All manufactures	do.	158	150	154	154	164	169
Durable goods	do.	165	156	155	155	172	181
Nondurable goods	do.	155	148	156	157	158	159
Mining	do.	125	128	120	126	129	128
Utilities	do.	268	259	272	270	277	279
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	54,313	4,557	4,313	4,221	4,328	4,572
Public construction	Mil. dol.	15,970	1,492	1,184	1,136	1,184	1,310
Private residential	Mil. dol.	22,377	1,793	1,811	1,748	1,760	1,841
Housing starts	Thousands	1,377	1,364	1,180	1,210	1,310	
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	29,760	28,143	29,384	28,972	30,814	
Durable goods	Mil. dol.	14,524	13,541	14,047	13,479	14,992	
Unfilled orders-sales ratio <u>5/</u>		3.25	3.31	3.44	3.57	3.21	
Inventory-sales ratio <u>6/</u>		1.76	1.76	1.75	1.78	1.70	
Durable goods		2.07	2.08	2.08	2.18	2.00	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.6	62.7	66.8	65.6	65.7	64.0
Nonagricultural	do.	59.7	58.0	60.7	60.0	60.9	59.4
Unemployment	do.	3.8	4.7	3.3	3.7	3.6	4.1
Workweek, in manufacturing	Hours	40.3	39.9	40.3	39.9	40.5	40.4
Hourly earnings in manufacturing	Dollars	2.22	2.19	2.21	2.23	2.27	2.29
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	380.2	369.0	382.3	387.0	392.1	393.3
Consumer credit outstanding <u>1/</u>	Mil. dol.	52,046	45,094	49,872	50,379	52,046	
Automobile	Mil. dol.	16,590	14,271	16,659	16,669	16,590	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	17,930	17,455	18,341	17,842	17,485	17,839
Durable goods	Mil. dol.	5,962	5,836	6,360	5,682	5,328	5,681
Inventory-sales ratio <u>6/</u>		1.35	1.39	1.35	1.36	1.38	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	120	120	119	119	119	119
Commodities other than farm and food	do.	128	128	128	128	129	129
Farm products	do.	89	92	86	85	86	86
Foods processed	do.	107	109	106	105	105	106
Consumer price index, all items <u>4/</u>	1947-49=100	125	124	126	126	126	
Food	do.	118	119	118	118	118	
Prices received by farmers <u>8/</u>	1910-14=100	240	245	235	230	228	231
Crops	do.	221	215	219	216	217	219
Livestock and products	do.	255	270	248	243	238	242
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	298	298	296	297	297	299
Family living items	do.	289	288	290	291	291	290
Production items	do.	266	268	264	264	264	265
Parity ratio <u>8/</u>		80	82	79	77	77	77
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	127	130	171	175	160	134
Cash receipts from farm marketings	Mil. dol.	32,777	2,912	3,598	3,654	3,224	2,700

Annual data for most of these items for the years 1929 and 1939-58 appear on page 35 of the April 1959 issue of The Demand and Price Situation.

- 1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census.
8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, February 19, 1960

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Slaughter of meat animals, which was unusually heavy in the fall, declined in January and the price index rose 5 percent from December. During the next few months, prices of fed cattle are likely to hold close to present levels. Hogs will likely hold steady until the bulk of the fall pig crop is marketed. After that prices are expected to increase seasonally and move above a year earlier. Remaining supplies of 1959-crop oranges are less than a year earlier; prices in January increased but remained below January 1959. Freezes, mainly in Florida in late January, reduced supplies of tender vegetables and prices firmed. Prices of wheat, feed grains and oil-bearing crops were steady in early 1960. Egg prices continued to show seasonal weakness, although prospects are for a seasonal price rise by early summer. Dairy product prices in January declined seasonally as production increased.

Total cash receipts from farm marketings in 1959 declined 2 percent from 1958 to \$32.8 billion, as a 4 percent drop in average prices received more than offset the 2 percent increase in volume of marketings. Government payments dropped more than a third due to discontinuance of the Acreage Reserve program. Production expenses rose $3\frac{1}{2}$ percent to a new high, with most categories higher except for rental payments and purchased feed and seed. Farmers realized net income in 1959 totaled \$11 billion, down 16 percent from 1958 but about the same as 1957. Income of the farm population from non-farm sources rose about 6 percent between 1958 and 1959. Per capita income of persons living on farms from all sources was down 8 percent from 1958 but was higher than in any other year since 1952.

U. S. agricultural exports totaled \$2.2 billion during July-December 1959, about \$230 million or 12 percent above a year earlier. The volume was up 19 percent. Total non-military exports of all goods and services also were up with agricultural exports accounting for about two-thirds of the increase.

Commodity Highlights

Cattle herds will continue to expand during 1960, but hog production has turned downward. The number of cattle and calves on January 1 totaled 101.5 million head, up 5 percent from a year earlier. The number of hogs was up 3 percent over the same period.

Production of milk in 1960 is likely to show an increase over the 124.4 billion pounds of 1959. The number of milk cows on farms January 1 was down 0.7 percent from a year earlier but milk production per cow is likely to continue its uptrend.

Seasonal increases in egg prices are likely after early summer, if farmers follow through on their early February intentions to raise 9 percent fewer egg type chicks this year. Farmers intend to raise 6 percent more turkeys than in 1959, in response to the sharp increase in prices late last year.

Soybean prices have held within a narrow range so far this marketing year. They will probably continue firm through this spring as crusher and export demand will remain strong.

Feed grain prices were 3 percent below a year ago in January, and probably will continue lower through at least the first half of 1960.

Exports of wheat in July-December 1959 were slightly above a year earlier, and for the year ending June 30 are expected to be close to the 443 million bushels of 1958-59.

Fresh use and processing of Florida oranges and grapefruit so far this marketing season have been larger than in 1958-59; output of frozen orange concentrate through February 6 was about a fourth higher and prices of concentrate were lower than a year earlier.

Total supplies of canned vegetables are somewhat smaller, and those of frozen vegetables about the same as a year earlier. During the next few weeks demand for processed vegetables, particularly frozen items, are expected to benefit from the tight supplies and high prices of a number of tender fresh vegetables.

The carryover of cotton on August 1, 1960 is estimated at about 8.5 million bales, down about 400,000 from a year earlier; a sharp rise in exports and some increase in domestic mill consumption is expected to more than offset the larger 1959 crop.

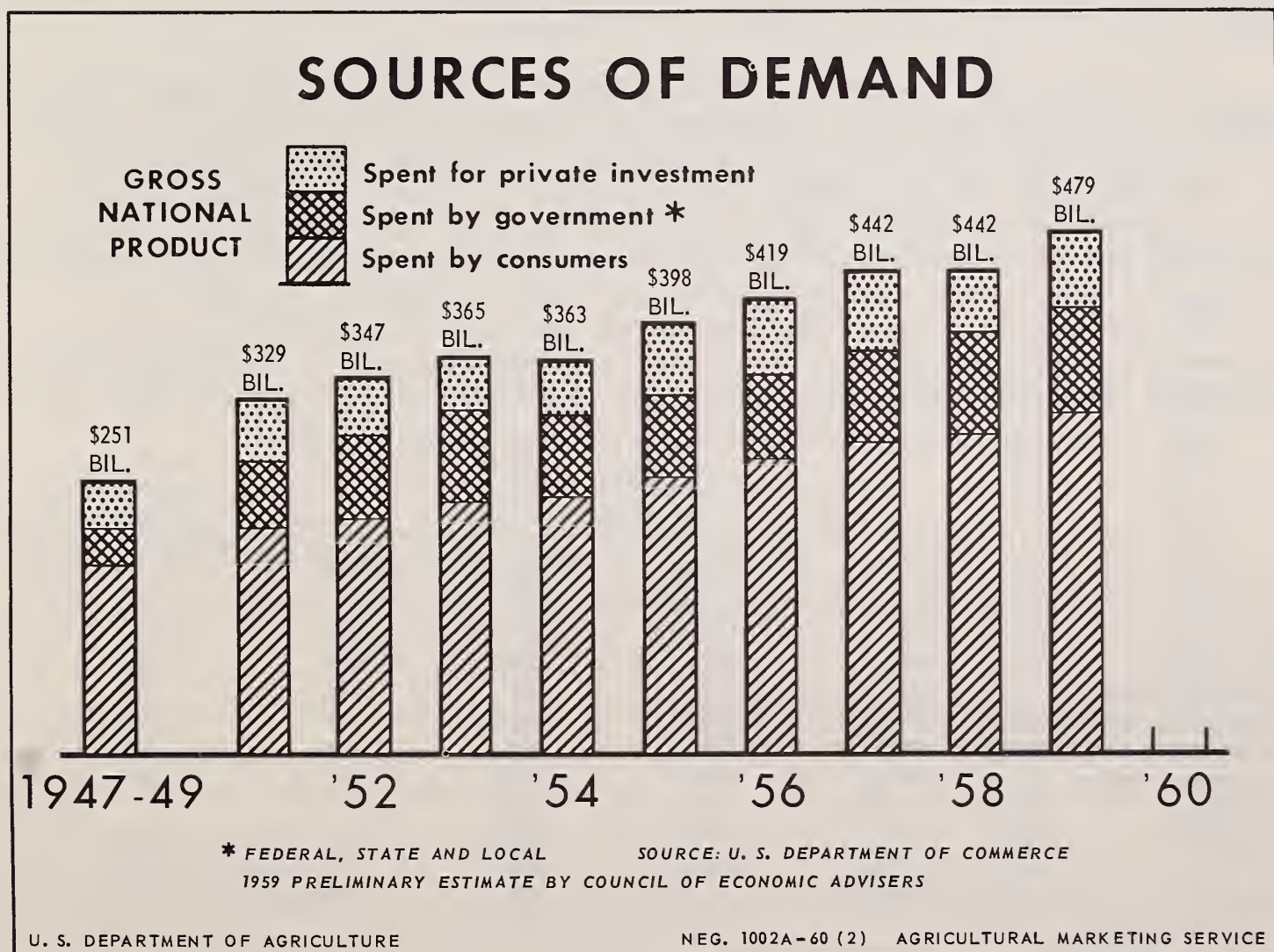
Domestic raw wool consumption rose rapidly in 1959, with consumption of apparel wool up 23 percent and carpet wool up 40 percent.

Prices received for flue-cured tobacco in 1959 averaged the same as in 1958, but prices of burley averaged 9 percent lower, because of lower quality of the 1959 crop.

GENERAL ECONOMIC ACTIVITY

Gross national product in 1959 totaled about \$480 billion, up \$38 billion or 8 percent from 1958, despite the adverse effects of the 116 day steel strike on economic activity during the last half. Prices increased about $1\frac{1}{2}$ percent in 1959, less than in the three previous years, and the total volume of goods and services produced rose about $6\frac{1}{2}$ percent. Part of the rapid rise in economic activity in the first half of 1959 reflected an abnormal demand for inventories induced by expectation of a steel strike. Increases also occurred in final demand for goods and services, such as new plant and equipment, residential construction and consumer goods and services, especially new automobiles.

National income totaled \$398.5 billion in 1959, up 9 percent from both 1957 and 1958. The sharp rise in income reflected the expansion in output. Employment averaged higher and the workweek lengthened some, resulting in a substantial rise in compensation of employees. Corporate profits recovered sharply and were between \$45 billion and \$50 billion, compared with \$42 billion in 1956 and 1957 and \$43 billion in 1955, the best previous years. Income flowing to individuals reached a new record of \$380 billion, up about 6 percent from 1958. Most of this was a gain in purchasing power; prices were up only a little.



Economic developments during the last half of 1959 were dominated by liquidation of steel stocks, a result of the long strike. Except for a slight drop in Federal Government outlays inventory liquidation was responsible for all of the change of \$6 billion in gross national product between the second and third quarters. In the fourth quarter the rise in gross national product was at an annual rate of \$5 billion.

One of the major conclusions of the recently released Economic Report of the President is that prospects are good for the continuation of the current economic expansion through 1960. Expenditures for new capital goods are rising and should continue upward in 1960. Residential construction outlays may be down somewhat from 1959. Federal purchases of goods and services may not change much in 1960. Expenditures by State and local Governments probably will increase, though perhaps at a slower rate than in 1959. Some inventory accumulation is likely in steel using industries, along with a further addition to inventories throughout the economy as production and sales increase. Consumer incomes and expenditures are expected to increase substantially in 1960.

Business Activity Higher
In Early 1960

Business conditions improved in January and in early February with most of the gains concentrated in durable goods production and sales. The Federal Reserve Board's index of industrial production in January reached 112 (1957=100) compared with 109 in December and 100 a year ago.

The index of production of final products (consumer goods, and business equipment, including defense) increased in January to 112 (1957=100) compared with 109 in December and 102 in January 1959. Increases were recorded for both consumer goods and equipment. The biggest changes in consumer goods output occurred in automotive products which were up 31 percent from December. Auto assemblies in December totaled about 690,000, up a fourth from a year ago. Production of home goods and apparel at 123 was the same as December but 13 percent above a year ago. The output of consumer staples (food, beverages, drugs, fuels, etc.) increased slightly during January to 111, up 5 percent from a year ago. With increased new orders for machinery at the end of 1959 output

Table 1.-- Industrial production, selected market groupings, seasonally adjusted
(1957=100)

Item	1959				1960
	January	October	November	December	January
Total	100	102	102	108	112
Final products	102	109	106	109	112
Consumer goods	106	112	109	113	117
Automotive products	104	105	72	99	130
Home goods and apparel	108	119	120	123	123
Consumer staples	105	109	110	110	111
Equipment					
Industrial	88	101	102	104	n.a.
Farm	94	112	106	105	n.a.
Materials	99	97	100	108	110

N.a. not available.

Federal Reserve Board.

of equipment reached 104 in January compared with 102 in December and 92 a year earlier. The index of production of materials increased sharply from 100 in November to 108 in December and in January reached 110, up 11 percent from a year ago. Steel ingot production in January and early February was around 95 percent of rated capacity.

Inventory Buildup Rapid

The accumulation of inventories since the end of the steel strike has been rapid. The book value of business inventories, seasonally adjusted, rose \$800 million during December, offsetting the liquidation in the four preceding months. Inventories of manufacturers at the end of December totaled \$52.3 billion, up \$700 million from November and compared with \$49.2 billion a year earlier. Manufacturers' sales increased \$1.8 billion in December resulting in some decline in the stock-sales ratio from November. Most of the increase in manufacturers' sales and inventories during December was in metal using industries. Stocks of wholesalers rose \$100 million, but those of retailers were unchanged in December.

Construction Outlays Up

New construction outlays rose for the second consecutive month from the annual rate of \$50.8 billion in November, the low for 1959, to \$54.9 billion in January. The recent pickup in construction activity apparently reflects increased availability of finished steel. The January rate was a little above a year earlier but down considerably from the peak of last spring. From December to January the seasonally adjusted annual rate of outlays for highway construction rose over a billion dollars and, for residential buildings, were up close to a billion dollars. Private industrial and commercial building continued to advance in January and was about a fifth above a year ago.

Table 2.-- New construction put in place, seasonally adjusted annual rates, for selected months, 1959 and 1960

Type of construction	1959				1960
	January	May	November	December	January
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
Total new construction	54,684	56,556	50,652	51,936	54,864
Private construction	36,780	39,552	37,020	37,728	39,144
Residential buildings (nonfarm)	21,516	23,772	20,976	21,120	22,092
Nonresidential buildings					
Industrial	1,920	1,884	2,160	2,352	2,436
Commercial	3,648	4,008	3,804	3,972	4,140
Farm construction	1,524	1,692	1,896	1,932	1,860
Public utilities	5,232	5,340	5,088	5,136	5,292
Public construction	17,904	17,004	13,632	14,208	15,720
Nonresidential buildings	4,752	4,584	3,960	4,140	4,284
Military facilities	1,524	1,728	1,260	1,320	1,344
Highways	7,200	6,156	4,572	4,572	5,796
Sewer and water systems	1,428	1,416	1,476	1,536	1,536
Public service enterprises	444	552	588	588	552
Conservation and Development	1,140	1,212	924	1,140	1,236

Department of Commerce.

Employment Higher

The employment market situation improved in January, and employer hiring plans reported by employers to local public employment offices indicate that further gains are in prospect for the first quarter of 1960. The seasonally adjusted level of nonfarm employment reached 53.0 million (including Alaska and Hawaii) in January, up 1,708,000 from a year earlier. Most of the 144,000 increase between December and January was in durable goods manufacturing, with transportation equipment (autos) and other steel using industries showing most of the gain.

Unemployment rose by 600,000 in January, about the expected increase for this time of year, to 4.1 million compared with 4.7 million a year earlier. The seasonally adjusted rate of unemployment remained at the December level of 5.2 percent of the civilian labor force, down substantially from the 6 percent in January 1959.

Personal Income Reaches New Record

Personal income in January reached a record annual rate of \$393.3 billion, up \$1.2 billion from December and 7 percent from a year ago. Wage and salary payments, which account for about two-thirds of total personal income, were \$2.2 billion higher than December and 8 percent above a year ago. About half the payroll increase was offset in January by higher social security taxes paid by employees and self-employed workers. The improved labor market in early 1960, along with some rise in gross average hourly wage rates, were primarily responsible for the increase. Gross hourly earnings of factory workers in January 1960 averaged 4.6 percent above a year earlier,

Table 3.-- Annual changes in gross average hourly earnings in selected industries January 1956 to January 1960

Item	Percentage change			
	January 1957 from	January 1958 from	January 1959 from	January 1960 from
	January 1956	January 1957	January 1958	January 1959
	Percent	Percent	Percent	Percent
Manufacturing	6.2	2.9	3.8	4.6
Durable goods	5.8	2.8	4.9	4.3
Nondurable goods	6.3	3.2	3.1	3.5
Contract construction	6.0	5.6	3.7	1/3.5
Bituminous coal mining	9.3	3.1	3.9	1/9.2
Telephone	2.7	5.2	5.0	1/6.1
Gas and electric utilities	5.1	5.3	5.4	1/4.4
Retail trade	4.5	4.3	3.6	1/2.4
Wholesale trade	5.6	3.4	3.3	1/3.2
Composite farm wage rates	6.1	2.4	7.6	3.6

1/ December 1959 from December 1958.

Department of Labor and Agricultural Marketing Service.

compared with 3.8 percent during the previous year. The hourly wage rates in selected nonmanufacturing industries also rose, as did farm wage rates.

Retail sales rose in January, with the record flow of personal income and increased availability of new automobiles. They reached \$17.8 billion, seasonally adjusted, up 2 percent from December but still below the \$18.3 billion peak reached in July and October 1959. Practically all the recovery between December and January resulted from a 7 percent increase in sales of durable goods. Dealers' sales of new cars rose substantially between December and January and were about a tenth above a year ago. Stocks rose over 200,000 in January to about 800,000, a record level for the month. Sales of nondurable goods stores remained at the December level of \$12.2 billion, seasonally adjusted, up 5 percent from a year ago.

During the three post war recoveries from recession, personal consumption expenditures have been an important contributor to the overall expansion in national output, with durable goods showing the greatest change. In the recent recovery, about half of the rise in gross national product was accounted for by consumer expenditures. Between the second quarter of 1958, the low of the 1957-58 recession and the fourth quarter of 1959 purchases of automobiles and parts increased more than a fourth, compared with a 17 percent increase for all durable goods, and a 9 percent increase for total consumption expenditures. Expenditures on services increased about a tenth while nondurable goods were up about 6 percent between mid-1958 and the end of 1959. The relatively small increase in food is partly due to the 3 percent drop in prices. Prices of all other items increased. A survey conducted in the first two weeks of December by the National Industrial Conference Board indicates that consumers plan to purchase about 15 percent more automobiles than a year earlier. More consumers also planned to purchase appliances this year than last. However, purchase intentions for new homes indicated a further decline.

Savings Rate Declines

The saving rate has tended to decline in the past year, as consumer expenditures increased with disposable income. While consumers expanded their assets (homes, and other physical assets and financial assets) substantially, they also made record use of borrowings. As a result, personal savings in 1959 were about the same as the preceding three years, but relative to the rise in disposable income the savings rate declined from 7.9 percent in 1956 to 7.4 percent in 1958 and 7.0 percent in 1959. The most important factor influencing the savings rate was the rapid increase in consumer debt in 1959. Installment debt increased \$5.4 billion for 1959 compared with a small decline in the preceding year. Borrowing for automobiles was up substantially and the use of credit for nonautomobile purchases in 1959 was the highest of record. The use of mortgage credit reached a new record along with a new peak for the average size of mortgage loan.

Table 4.--Personal consumption expenditures, second quarter 1958
and fourth quarter 1959, with percentage change

(Seasonally adjusted annual rates)

Commodity	2nd quarter 1958	4th quarter 1959	Percentage change
	Billions dollars	Billions dollars	Percent
Total personal consumption expenditures	290.9	317.0	9.0
Durable goods	36.7	43.0	17.2
Automobiles and parts	13.6	17.4	27.9
Furniture and household equipment	17.0	19.0	11.8
Other	6.1	6.6	8.2
Nondurable goods	141.5	150.0	6.0
Food excluding alcoholic beverages	67.8	70.1	3.4
Clothing and shoes	25.7	28.3	10.1
Gasoline and oil	10.4	11.4	9.6
Other	37.6	40.2	6.9
Services	112.7	124.0	10.0
Housing	37.7	41.9	11.1
Household operation	16.8	18.0	7.1
Transportation	9.0	9.5	5.6
Other	49.2	54.6	11.0

Economic Report of the President, January 1960.

Farmers' Share of Food Dollar
at 20 Year Low

Farmers received on the average 38 cents out of each dollar spent for farm foods at retail in 1959, the smallest share since 1939. The retail value of the "market basket" of farm foods declined a little more than 2 percent last year. The decline resulted from a 7 percent drop in the farm value. The marketing spread -- the difference between farm and retail values -- rose about 1 percent.

The market basket is composed of the average quantities of farm-produced foods purchased by families of urban wage-earners and clerical workers in 1952. Changes in the retail cost and the corresponding farm value of this fixed group of commodities are recorded monthly by the Agricultural Marketing Service. The farm value as a percentage of the retail value represents the farmer's share. The farmer's share averaged 40 percent for each of the years 1956 to 1958. It reached a peak of 53 percent at the end of World War II and has been declining since. Virtually all major foods have shared in the downtrend. In only one postwar year -- 1951 -- has the farmer's share shown an increase.

Farm Prices Higher

Prices received by farmers improved in early 1960; the index of prices received in mid-January at 231 (1910-14=100) was 1 percent higher than in mid-December. Meat animal prices, after reaching a low in December, rose 5 percent in January, as slaughter declined seasonally but held above a year ago. Prices of potatoes rose further in January and were about 75 percent above a year earlier; stocks of fall crop potatoes on February 1 were 10 percent below a year ago. Prices received for fruit, especially oranges, increased; supplies for this winter and spring are generally smaller than a year ago. Vegetable prices increased less than the usual seasonal amount between mid-December and mid-January, but the freezes which occurred in late January in Florida reduced supplies of tender vegetables. Dairy product prices declined in January, and prices of the poultry and egg group dropped 3 percent to the lowest for the month since 1941. Egg prices in early 1960 have been weak with seasonally increasing supplies.

Price Support Activity
Lower on 1959 Crops

At the end of December 1959, the U. S. investment in price supported commodities totaled \$9.2 billion compared with \$8.7 billion December 31, 1958, and \$8.9 billion estimated for June 30, 1960 in the President's Budget for fiscal

Table 5.--Price supports extended on selected commodities,
 1958 and 1959 crop years, through December 31

Commodity	Unit	1958 crop through December 31		1959 crop through December 31	
		Quantity	Value	Quantity	Value
		Million units	Million dollars	Million units	Million dollars
Total		---	2,723.2	---	2,316.7
Cotton, upland	: Bales :	5.1	879.8	7.9	1,300.3
Wheat	: Bu. :	489.2	887.5	275.7	486.9
Feed grains:					
Corn	: Bu. :	108.6	126.3	122.0	134.2
Oats	: Bu. :	60.2	33.9	7.6	3.6
Barley	: Bu. :	75.5	66.6	30.6	22.1
Grain sorghum	: Cwt. :	100.0	187.0	42.6	67.1
Milk and butterfat:					
Butter	: Lb. :	102.9	59.4	76.4	44.2
Cheese	: Lb. :	26.2	9.0	50.3	17.2
Dried milk	: Lb. :	456.2	68.4	445.9	65.5
Soybeans	: Bu. :	97.7	198.8	32.9	59.5
Tobacco	: Lb. :	130.9	86.2	60.5	36.0
Rice	: Cwt. :	7.3	35.9	6.9	33.6
Peanuts	: Lb. :	264.8	26.5	316.6	27.7

Commodity Stabilization Service, Commodity Credit Corporation.

year 1960-61. Price support extended on 1959 crops (loans, purchase agreements and purchases of commodities) totaled \$2.3 billion, compared with \$2.7 billion on 1958 crops for the same period a year earlier. Declines in the value of price support for wheat, barley, tobacco, soybeans, dried milk, butter and a number of other crops, more than offset increases in cotton and corn.

FARM INCOME

Farmers realized a net income of \$11.0 billion in 1959, down 16 percent from 1958 but about the same as in 1957. Realized gross farm income, estimated at \$37.0 billion, was down nearly $3\frac{1}{2}$ percent from 1958. Production expenses rose $3\frac{1}{2}$ percent to a new high of \$26.0 billion.

The decline in gross income reflected a 4 percent drop in average prices received for farm products, only partly offset by a 2 percent increase in volume of sales, plus a reduction in Government payments due to discontinuance of the Acreage Reserve program. Total cash receipts from marketings were down 2 percent to \$32.8 billion. Government payments dropped more than a third, or approximately \$400 million.

Most categories of production expenses were higher than in 1958. The only important exceptions were rental payments and purchased feed and seed. Farmers' gross investment in buildings, machinery, and equipment reached a new high of \$4.9 billion, following several years of curtailed investment spending.

Although farm income was down sharply last year, income of the farm population from nonfarm sources rose about 6 percent, reflecting the general economic recovery in 1959. The number of people living on farms also declined a little further. Per capita income of the farm population from all sources was down 8 percent from 1958 to 1960 but this was higher than in any other year since 1952.

LIVESTOCK AND MEAT

The probable trends in meat animal production during 1960 are fairly well outlined by recent inventory and intention reports from farmers. Cattle herds will continue to expand during the year but hog production has turned downward. Meat output this year promises to be a little larger than in 1959, with a modest gain in beef nearly offset by a decline in pork.

The number of cattle and calves on farms January 1 totaled 101.5 million head, up 5 percent from a year earlier. The number on feed was up 9 percent. Cattle slaughter has climbed above year-earlier levels and is expected to continue so during much or all of 1960. During the next few months marketings will feature liberal supplies of fed cattle. In contrast to late-winter price increases during the last 2 years, fed cattle prices this winter are expected to hold close to present levels. Seasonal price increases are likely for stocker and feeder cattle with the growth of new grass this spring.

The number of hogs on farms this January was 3 percent larger than January 1959, with gains in other classes offset in part by an 11 percent decline in sows and gilts. The number of pigs under 6 months was up 3 percent. Hence, hog slaughter will likely continue above a year earlier until sometime this spring. Prices of hogs, which early in February were about \$3.00 per 100 pounds below a year earlier, will probably hold close to present levels until the bulk of the fall pig crop is marketed. After that a seasonal price increase is in prospect which will probably result in prices above a year earlier.

The number of stock sheep and lambs on hand was 3 percent larger this January; the number on feed was down 7 percent from a year earlier. The outlook is for sheep and lamb slaughter this winter to hold below last winter's rate. Some seasonal increase in slaughter lamb prices is likely during this period, with prices continuing above a year ago.

DAIRY PRODUCTS

Prices received by farmers for milk and butterfat averaged slightly higher in 1959 than in 1958. Output of milk was down slightly and was in closer balance with commercial demand at support levels than in several years. Cash receipts from dairying were only slightly less than the record of \$4,634 million set in 1957.

Production of milk has increased seasonally from the low of last November and in January was about the same as in January of 1959. Prices for butter and fluid cream have dropped back to near the equivalent of support prices.

The number of milk cows in the United States continued its long-time downtrend during 1959, but the drop of only 0.7 percent was considerably less than in other recent years. In addition, the number of dairy heifers on farms January 1 was at a record high in relation to the number of mature cows. Factors contributing to the slower rate of decline in milk cow numbers last year were the improvement in the relation of milk prices to feed, and to other livestock products, especially beef cattle. Price relationships are likely to continue relatively favorable to dairying in 1960.

This situation indicates that an upturn in milk production may occur this year. Numbers of milk cows for the year may average as high or higher than in 1959, and a further increase in production per cow is likely. It is quite possible that milk output will increase more rapidly than commercial use of milk and its products during the next year or so.

Prices to farmers for milk in 1960 probably will average slightly below those of 1959 when they were above the equivalent of support for an unusually long period. The Secretary has announced that support for 1960-61 will remain at the same level as in the last 2 years. With production up and the trend toward sale of an increased proportion of milk production in whole form likely to continue, cash receipts in 1960 may rise to a new record high. Part of this increase in receipts, however, will be offset by higher production expenses.

Sales of butter and nonfat dry milk to CCC have increased somewhat in recent weeks as milk production has risen seasonally. Butter and cheese have continued to be distributed for domestic school lunches. Likewise, distribution of nonfat dry milk for both school lunches and welfare uses has been uninterrupted. Some nonfat dry milk is being made available for distribution abroad for welfare purposes under Title II of PL. 480. In February, supplies of nonfat dry milk held by CCC increased to the point that this item was again made available to commercial exporters on a bid basis. Last fall a heavy spurt in sales for export and a seasonal drop in sales to CCC caused a suspension in sales and donation programs.

Per capita use of ice cream increased substantially in 1959, as consumer incomes rose. Fluid milk consumption per person also apparently increased a little. However, use of butter per capita dropped to a new record low of 8.0 pounds. This compared with 8.4 pounds a year earlier, the 1947-49 average of 10.6 pounds and the average of 17.0 pounds prior to World War II. Distribution of creamery butter from CCC supplies was equivalent to 0.7 pounds per person, and the 6.7 pounds of creamery butter per person consumed from commercial sources also was a record low. Consumption of farm made butter by people on farms was equivalent to 0.7 pounds per person. For dairy products as a group, per capita use from commercial sources, exclusive of reported use on farms, in terms of milk equivalent, dropped to a record low of 597 pounds in 1959, 3 pounds less than a year earlier. In 1947-49, the average was 631 pounds. Use of milk solids-not-fat, including nonfat dry milk, reached a record-equalling high of 48.3 pounds per person.

POULTRY AND EGGS

Farmers intend to raise more turkeys in 1960 than in 1959, but fewer egg-type chickens. Broiler output, which has a shorter production cycle than eggs or turkeys, is presently up from the year before, as measured by current chick placements.

As of early January, turkey growers intended to raise 6 percent more turkeys than the 82 million in the 1959 crop. This is largely a response to the increase in average prices received by farmers from 22.4 cents per pound in May-October to 29.7 in mid-December. Prices since have declined slightly--to 28.3 cents per pound in mid-January--but were above the year before by more than 4 cents per pound. They were below the year before throughout the summer of 1959.

Average prices for turkeys are likely to remain firm until late summer, when marketings from the large crop in prospect will begin. Storage holdings of turkeys on February 1 were 143 million pounds, 11 percent below the year before and marketings of live turkeys will be seasonally small for several months.

Farmers' intentions as of early February were to raise 9 percent fewer egg-type chickens than last year. The 401 million chickens raised in 1959 were the second-smallest number since estimates were begun in 1909. If farmers adhere to their intentions, the 1960 figure will be the smallest, less than the low of 397 million raised in 1957. Despite the downtrend in chickens raised in the last several years, egg production has set new records because of larger percentages of pullets among the chickens raised, and increased productivity per bird.

Low egg prices in most of 1959 are a principal factor in farmers' intentions toward a reduced flock in 1960. The number of layers on farms February 1 was 3 percent below the year before, and egg production on that date was down by one percent. Egg prices this spring are likely to exceed the low levels of April-June 1959, and a seasonal increase is likely after early summer.

In mid-January 1960, the U. S. average egg price received by farmers was 29.6 cents per dozen, in contrast with 36.4 cents in the preceding January. The 1959 mid-month low was 24.9 cents, in June.

Broiler chick placements in 22 principal States in January 1960 averaged 6 percent above last January. On the basis of reported egg settings, February placements also will exceed last year, probably by about 5 percent. Market supplies beginning about mid-March will reflect these increases. Demand usually increases from spring to summer so that the increased output probably will sell at prices near those of January and early February.

Mid-January U. S. broiler prices averaged 17.1 cents per pound, almost up to the preceding January (17.4 cents). At Georgia points in early February, quotations were about 17 cents per pound. Prices at this level encourage expanded production. But expansion may be limited by availability of broiler chicks. The number of broiler-breeder type pullets sold by breeders in the past 9 months through January was 23 percent below a year earlier.

OILSEEDS, FATS AND OILS

Monthly average prices of soybeans (No. 1 yellow, Chicago) have varied within a narrow range so far this marketing year, averaging about \$2.18 per bushel during October-January 1959-60 compared with \$2.16 a year earlier. However, prices in mid-February, at \$2.16 per bushel, were 7 cents below February 1959. Prospects are that soybean prices probably will continue firm through this spring as crusher and export demand remain strong. Last year prices trended upward to a seasonal peak in May. The relative stability in soybean prices this year reflects the orderly movement of the 1959 soybean crop and the fairly close balance between supply and demand.

Soybean crushings in October-January 1959-60 (January estimated) totaled about 138 million bushels, the same as last year. This is about in line with the expectation that the soybean crush for the entire 1959-60 marketing year will not differ greatly from the 401 million bushels crushed last year.

Soybean exports during October-January 1959-60 (January based on inspection data) are placed at 60 million bushels compared with 47 million a year earlier. It appears that most of the increase for the entire marketing year has already occurred. Total exports are expected to reach about 125 million bushels compared with 110 million last year. These estimates indicate a carryover of around 40 million bushels on October 1, 1960, down about a third from last year.

Soybean oil prices (crude, Decatur) declined from 8.6 cents per pound in October 1959 to 7.8 cents in December, averaging about 2.0 cents below October-December 1958. Prices since then have declined slightly and in mid-February were 7.6 cents per pound compared with 9.3 in February 1959. Bean oil prices during the remainder of the marketing year are expected to remain well below last year and for the entire 1959-60 year probably will average at least 1.5 cents below the 9.5 cents per pound in 1958-59. Heavy supplies of vegetable oils and lard have exerted downward pressure on the general level of food fat prices. Furthermore, export prospects for soybean oil are not as favorable this year as in 1958-59 mainly because of a smaller P. L. 480 program.

Cottonseed oil prices (crude, Southeast mills) dropped from 9.7 cents per pound in October 1959 to 9.1 cents in December, 2.0 cents below December 1958. Cotton oil output was seasonally high during this period and supplies were up sharply from last year. Furthermore, supplies of competitive food fats were much larger than in recent years. Cotton oil prices bottomed out in December as the seasonal peak in cotton oil output passed and prices by mid-February increased to 9.5 cents per pound. Prices are expected to strengthen further this winter and spring because of the good export and domestic demand. However, prices for the entire 1959-60 season probably will average at least 1.5 cents below the 11.6 cents per pound last season.

Lard output in 1959-60 is now forecast at 2,800 million pounds, about 4 percent more than a year earlier. Prices during October-January 1959-60 averaged sharply below the previous year, reflecting the big increase in hog slaughter. Prices probably will rise slightly over the rest of the marketing year. Production will decline seasonally and disappearance is expected to continue high. Most of the increased output this year is being exported so carryover stocks next October 1 may not be much higher than last year.

Inedible tallow and grease output during 1959-60 is expected to total a record 3.4 billion pounds, about 6 percent more than the 3.2 billion last year. Domestic use may total around 1.8 billion, about the same as in recent years. Lower prices and availability of record supplies during the current marketing year improve our competitive position in the world tallow market and exports are expected to climb to a record 1.6 billion pounds. The previous export peak of 1.5 billion was achieved in 1955-56.

Under the pressure of heavy output, prices of inedible tallow and greases have declined about a cent per pound since the beginning of the 1959-60 marketing year and currently are at the lowest level since 1953. If it were not for the expectation of record exports, tallow prices would be under even more pressure, as little change is in prospect for domestic consumption this year.

The U. S. produces about half of the world's tallow and greases and accounts for about two-thirds of world trade.

Support prices for 1960 crop oilseeds were announced on February 19. These support prices, the same dollars and cents levels as those in effect for 1959, are as follows: Soybeans, \$1.85 per bushel; flaxseed, \$2.38 per bushel; and cottonseed, \$34 per ton (purchase price, basis grade 100). The price support for 1960 crop peanuts is \$201.24 per ton compared with \$193.50 per ton for the 1959 crop.

FEED

The total disappearance of feed grains during October-December from the record 1959-60 supply was slightly above the high rate in that quarter of 1958. Liberal feeding of grains and other concentrates per animal has been an important factor in the increased consumption of feed grains in recent years. The total number of grain-consuming animal units to be fed in 1959-60 is expected to continue at about the 1958-59 level. The rate of feeding per animal unit, however, is expected to be a little heavier than last year, resulting in a little heavier total use in the 1959-60 feeding year.

Total stocks of feed grains on January 1 were up 9 percent from a year earlier to a new record, both in total and per animal unit. Larger total stocks of feed grains will be carried over into 1960-61 in spite of the heavier use this year. The corn carryover is expected to be up to around 2.0 billion bushels, nearly a third more than last year. A larger October 1 carryover of sorghum grain also is expected, but moderately smaller stocks of barley and much smaller stocks of oats are in prospect for next July 1. The total carryover of the four feed grains into 1959-60 probably will be up to around 80 million tons, nearly a fifth larger than in 1959-60.

Record supplies and the above average moisture content of corn continue to influence feed grain prices this winter. Market prices of feed grains were comparatively stable during January and early February, with corn advancing less than seasonally since November. Prices received by farmers in mid-January averaged 3 percent lower than a year earlier. Feed grain prices probably will continue lower than a year earlier, at least through the first half of 1960, reflecting larger total supplies and, to some extent, the influence of lower price supports. Prices received by farmers for corn and barley in January were only moderately lower than a year earlier, while sorghum grains were down 12 percent. Oat prices in January were 16 percent higher than a year earlier, reflecting the short 1959-60 supplies.

The total tonnage of oilseed meals fed to livestock during October-December was 2 percent less than a year earlier. While total supplies were a little larger, exports were up sharply, leaving less for domestic use. Prices of high-protein feeds were more stable from October through mid-February this year than last. In the first half of February, they were about 8 percent lower than in the same period of 1959. Soybean meal prices have averaged a little higher this winter than last, while prices of animal protein feeds have been much lower.

The Department of Agriculture on February 19 announced a National average support price of \$1.06 per bushel for 1960-crop corn, 6 cents lower than in 1959. The 1960 support price for oats was announced at 50 cents per bushel, barley at 77 and sorghum grain at \$1.52 per cwt., the same levels as for 1959 crops. Through January 31 farmers had placed 296 million bushels of 1959 corn under price support, 65 million more than for the same period of 1958-59. A total of 38 million bushels of barley, 107 million bushels of sorghum grains and 8 million bushels of oats were placed under price support, all substantially smaller than a year earlier.

WHEAT

Cash wheat prices at terminals on February 12 were generally slightly higher than in mid-January and continued at or close to the high for the marketing year to date. Compared with the season's lows, prices for dominant classes and grades were up about 22 cents at Kansas City, 19 cents at St. Louis, 14 cents at Portland and 10 cents at Minneapolis. Compared with a year earlier, prices at Kansas City and Minneapolis were up about 10 cents, at Portland about unchanged and at St. Louis down about 2 cents.

On February 12, the price of No. 1 Soft White at Portland at \$2.04 was 3 cents above the effective support, while that of No. 1 Dark Northern Spring, ordinary protein, at Minneapolis at \$2.18 was about a cent above the effective support. The price of No. 2 Hard Red Winter, ordinary protein, at Kansas City at \$2.08 $\frac{1}{2}$ was fractionally below the effective support and that of No. 2 Soft Red Winter at St. Louis at \$2.05 was 4 cents below.

Growers had placed 309 million bushels of 1959-crop wheat under the price support program through January 31, 1960. On the same date a year earlier, 569 million bushels of 1958-crop wheat were under support. Two years earlier, 210 million bushels of 1957-crop wheat had been put under through January 15, and 255 million bushels through February 15. While some wheat is being purchased from CCC, considerable quantities of wheat under loan will need to be redeemed later in the marketing year to cover requirements for domestic use and free-market exports.

Exports in July-December totaled 205.2 million bushels compared with 204.5 million for the same period a year earlier. For the year ending next June 30, exports are now expected to total close to the 443 million bushels of the 1958-59 marketing year.

With supplies for 1959-60 estimated at 2,415 million bushels (July 1, 1959 carryover of 1,279 million, production of 1,128 million and imports of 8 million), domestic disappearance at about 625 million and exports at 440 million bushels, 1,350 million bushels would be left for carryover July 1, 1960.

FRUIT

Grower prices for Florida oranges increased moderately during January and early February under the stimulus of strong demand for both fresh market shipment and processing. However, prices continued somewhat under the unusually high

levels of a year earlier. Auction prices for California oranges also increased moderately and were somewhat above a year earlier. In early February, remaining supplies of California oranges were considerably smaller than a year earlier, those of Florida oranges were a little smaller, and those of Texas were larger. In Florida, harvest of the Valencia crop, as of early and midseason varieties, is occurring earlier than in 1958-59.

Florida shipping-point prices for fresh market white seedless and seeded grapefruit during January and early February held fairly steady, with early February prices averaging moderately above year-earlier levels, when prices were declining. In contrast, prices for Florida pink seedless varieties, of which production is larger this season, declined during January, increased a little during early February, but continued under a year ago. Use of Florida grapefruit, as of oranges, has been heavier than a year ago. Remaining supplies are much lighter than a year ago, pointing to an earlier finish of the season than in 1959. Remaining supplies of Texas grapefruit from the larger 1959-60 crop are heavier than a year ago. Harvest in this State usually ends before that in Florida.

Both fresh use and processing of Florida oranges and grapefruit were larger to early February than in the corresponding part of the 1958-59 season. By February 6, 1960, output of frozen orange concentrate was about 23 percent larger than a year earlier, that of canned single-strength orange juice was up 32 percent, and that of canned single-strength grapefruit juice was up 21 percent. Movement of both frozen orange concentrate and canned grapefruit juice has been heavier than comparable movement in 1958-59, when prices were higher. Movement of canned orange juice has been up a little with the price above last year. Packers' stocks of all three items continued above a year ago.

Grower prices for apples held fairly steady during January and early February. In eastern and central States, prices varied somewhat above and below those of a year earlier, depending upon variety of apple and style of pack. In Washington, where year-end stocks were down considerably from those on January 1, 1959, prices for most leading varieties averaged substantially higher than comparable prices in early 1959. Movement of apples from controlled atmosphere storage appears to be getting underway earlier than in the first half of 1959. This together with continued good movement generally should lead to an earlier end of the marketing season than last year.

During January and early February, sales of fresh D'Anjou and Bosc pears on the principal auctions were much lighter, and prices continued considerably higher, than a year earlier. Prices for the D'Anjou variety tended to increase while those for the Bosc were much the same as in December. Cold-storage stocks of pears continued substantially smaller than a year ago.

Supplies of fresh strawberries from the Florida winter crop were temporarily reduced by late January frost damage to exposed berries and blooms. The acreage for harvest in this State this year is the same as in 1959. Stocks of frozen strawberries in cold storage on February 1, 1960 were about as large as a year earlier.

COMMERCIAL VEGETABLES

Production of vegetables for fresh market this winter is expected to be a little larger than either last winter or the 1949-58 average. Although tender crops, grown largely in Florida were hard hit by freezes in late January, hardy crops both in Florida and other areas, are in generally good condition. Among the more important items, production of a number of tender items, including sweet corn, snap beans, tomatoes and green peppers is expected to be materially smaller than last winter. Output of cucumbers is expected to be above the very small crop of last winter. Supplies of celery and spinach, which are hardier than the above crops, are expected to be down because of the cut in acreage. But production of a number of hardier crops, including cabbage, carrots, and lettuce promises to be substantially larger than last winter.

Domestic production of tender vegetables will be supplemented by imports from Mexico and Cuba. Although winter vegetables in Mexico suffered considerable damage from heavy rains and floods, imports from that country probably will be as large or larger than a year earlier. Imports from Cuba are expected to be down.

Early reports indicate substantially less broccoli for early spring harvest than a year earlier, but slightly more cauliflower. Prospective acreage of early spring asparagus is 6 percent below a year earlier, while mid-spring is up slightly and late spring down slightly. Prospective acreage of early spring cabbage is down slightly from a year ago, and late spring acreage up slightly. Indicated acreage of early spring onions is down 14 percent, and late spring acreage down 6 percent.

Stocks data indicate that total supplies of canned vegetables are somewhat smaller than those of a year ago, while supplies of frozen vegetables are about the same. Among important canned items, remaining supplies of sweet corn and spinach are materially above the relatively low supplies of a year ago. But supplies of green peas are about a sixth smaller than those of a year ago, sauerkraut more than a fourth smaller, tomato and most tomato products substantially smaller, and asparagus moderately smaller. However, most of the above items were in heavy supply a year ago. Except for sauerkraut, all major items appeared to be in ample supply.

Among important frozen vegetables, green peas and spinach are in somewhat larger supply than a year earlier. But most other items are in smaller supply, with asparagus, lima beans, broccoli, cauliflower and a number of mixed items down substantially.

During the next few weeks processed vegetables, particularly frozen items are expected to benefit from tight supplies and high prices for a number of tender fresh vegetables.

During the next few months retail prices of most canned and frozen items are expected to average a little higher than in the corresponding months of 1959.

POTATOES AND SWEETPOTATOES

Supplies of potatoes available into early spring will be substantially smaller than the large supplies of a year earlier. Stocks of fall crop potatoes on February 1 amounted to 75.3 million hundredweight, about 8.6 million hundredweight less than a year ago. Winter production at 3.0 million hundredweight, is about 1 million hundredweight smaller than last winter. During the next few weeks, prices both to growers and at the retail level are expected to continue well above the low levels of a year earlier.

The size of the 1959 sweetpotato crop together with available movement data, indicate that remaining supplies of sweetpotatoes are moderately to substantially larger than a year ago.

COTTON

Despite an increase of about 3.2 million bales in 1959 production, the carryover of cotton on August 1, 1960 is estimated at about 8.5 million bales, approximately 400,000 bales lower than on August 1, 1959. The decline is being caused by a sharp increase in exports and some increase in domestic mill consumption.

Exports for the season are currently estimated to total at least 6 million bales. The increase is resulting from record high mill consumption in the foreign free world, a decline in foreign free world production, a build up in foreign free world stocks of cotton, and relatively low prices for U. S. cotton. The decline in foreign free world production is occurring principally in Mexico and Central America because of smaller acreage. The increase in foreign free world cotton consumption reflects larger sales of textiles than a year earlier, a replenishment of textile stocks in some countries, and lower cotton prices at the start of the season. Prices for cotton abroad have increased recently.

Domestic mill consumption of cotton is estimated at about 9 million bales for the 1959-60 season compared with 8.7 million in 1958-59. This is a projection of the seasonally adjusted rate of consumption during the first 5 months of the current season. Prices for gray goods and the mill margins are at high levels and the ratio of stocks to unfilled orders for broadwoven goods is relatively low. However, the seasonally adjusted stock-unfilled order ratio turned upward in November. If the rise continues, it may foreshadow some decline in mill activity later in 1960.

Stocks of cotton held by CCC (owned and held as collateral against outstanding price support loans) totaled about 6.1 million bales as of February 12. This compares with about 8 million bales a year earlier and 7 million bales on August 1, 1959. As of February 12, CCC had purchased about 8.5 million bales under the Choice A program of price support and had sold about 5.9 million of such cotton.

The average 14 spot market price for Middling 1-inch cotton on February 5 had increased to 31.95 cents per pound from the seasonal low of 31.58 cents per pound at the end of October. However, the February 5 price was well below the

34.25 cents per pound on the same date a year earlier. Discounts for the lower grades of white cotton and for the colored grades have narrowed considerably during the current season and some of this cotton is selling for prices well above a year earlier.

The Department of Agriculture announced on January 29, 1960, that the support price for 1960-crop Upland cotton for those producers who elect Choice (A) will be 28.97 cents per pound, basis Middling 7/8-inch and, for Choice (B) producers, 23.18 cents. These support prices reflect 75 and 60 percent respectively, of the effective parity price for Upland cotton in January 1960, which was 38.63 cents per pound.

WOOL

During the past several weeks, trading on the Boston market has been slow, with a strong demand for limited supplies of available domestic wools. Quarter-blood, three-eighths-blood and pulled wools were the most active. Prices of domestic wools on the Boston market have been relatively unchanged since early fall until the first week in February when prices eased off 2 to 3 percent. This decrease reflected the declines in world wool prices.

Shearing of the new clip has started in Ohio and Indiana with country buyers paying 45 to 52 cents to the grower. Also, according to trade reports, there has been some contracting of territory wools for early delivery in this same price range. The amount of this activity eased off as world prices declined.

All world markets were weak the first part of February as offerings at most markets were generally heavy. In Australia and South Africa prices have declined 2-5 percent, due in part to the quality of wool being offered at this time. New Zealand markets have been erratic, while those in South America have been slow with prices slightly lower.

The average mid-month price received by domestic growers in January increased to 42.5 cents per pound from 41.7 cents in December 1959. The January 1960 price was 23 percent more than the 34.6 cents per pound received in January 1959.

Domestic raw wool consumption during 1959 totaled 431.1 million pounds, scoured basis, 94.5 million pounds more than the total for 1958. The weekly average rate of 8,291,000 pounds during 1959 was more than 30 percent above the 6,352,000-pound weekly average rate of mill use in 1958. Apparel wool consumption during 1959 totaled 266.7 million pounds, scoured basis, compared to 217.4 million pounds in 1958. Mill use of carpet wool totaled 164.4 million pounds scoured basis, during 1959. This was about 40 percent more than 1958 and the highest since 1950.

Reflecting the increased rate of mill use imports of raw wool for consumption totaled 292.1 million pounds, clean content, during 1959. This was almost 55 percent more than the 189.7 million pounds imported in 1958. Duty-free wool imports during 1959 totaled 100.6 million pounds, 50 percent more than 1958. Imports of duty-free wool during 1959 totaled 191.5 million pounds, 56 percent more than 1958 and the highest since 1950.

TOBACCO

Marketings of most kinds of tobacco grown in 1959 have been completed. Prices received for flue-cured--the largest single class--averaged the same as the 1958 record high. Prices for burley--second largest kind of tobacco--averaged 9 percent lower than the record of a year earlier, reflecting the considerably lower quality of the recent crop.

Marketings of Virginia fire-cured, type 21, and sun-cured, type 37, and Kentucky-Tennessee dark air-cured, types 35 and 36 have been completed. Prices for Virginia fire-cured averaged a little above the 1958 crop average but prices for types 35, 36 and 37 were moderately below a year ago. Auctions for the dark fire-cured types 22 and 23 grown in Kentucky and Tennessee will soon be closing. For sales through mid-February prices of type 22 averaged a little above a year earlier, but prices of type 23 averaged slightly below last season.

Average prices received for the 1959 crops of Pennsylvania and Ohio cigar filler tobacco were above a year earlier, but prices for Connecticut Valley binder types averaged below 1958. Marketings of the Wisconsin binder types started later than usual. Prices for Northern Wisconsin type 55 through mid-February averaged above last season and prices of Southern Wisconsin type 54 averaged moderately below last season.

The 1960 marketing quotas for fire-cured type 21, fire-cured types 22-23, dark air-cured types 35-36, and sun-cured type 37 were announced by the Department of Agriculture on January 27. In each case farm allotments will be about the same as in 1959. This is also true for the other kinds of tobacco--flue-cured, burley, cigar binder types 51-52, and cigar filler and binder types 42-44 and 53-55 for which 1960 quotas had been announced earlier. Growers of cigar binder types 51-52 and cigar filler and binder types 42-44 and 53-55 voted on February 11 in separate referendums in favor of marketing quotas for their 1960, 1961 and 1962 crops.

Maryland tobacco growers voted on February 2 in favor of marketing quotas on their 1960, 1961 and 1962 crops. In 1959 Maryland tobacco was not produced under a marketing quota and Government price support cannot be made available when the 1959 crop is marketed. Most of the Maryland tobacco is marketed from late April to late July in the year following its production.

Cigarette output in 1959 totaled nearly 490 billion--4 percent above 1958 and a record high. Cigar output by domestic factories totaled 6.6 billion--6 percent above 1958 and the highest since 1923. The 1959 output of smoking tobacco at 73 million pounds was 4 percent below 1958 and second lowest this century. The 1959 outputs of chewing tobacco and snuff at 68 and 34 million pounds were 2 and 1½ percent below 1958, respectively. Output of chewing tobacco was the lowest this century and of snuff tobacco the lowest since 1917.

Unmanufactured tobacco exports in 1959 totaled about 520 million pounds (farm-sales-weight)--4 percent less than in 1958 and 7 percent less than the 1954-58 average. The volume of unmanufactured tobacco exports during calendar year 1959 was the equivalent of about 29 percent of total harvestings in 1959.

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The 1959 exports of cigarettes from the United States, totaling 19.6 billion (equivalent to roughly 50 million pounds of domestic leaf, farm-sales weight), was 8 percent above 1958 and the most since 1948.

On February 20 the President approved new legislation on Government support prices for tobacco. The new law provides that support prices for the kinds of tobacco under marketing quotas in 1960 will be the same as in 1959. The new legislation also provides that for 1961 and subsequent years, tobacco price supports will be adjusted according to the percentage change between the 1959 parity index and the average parity index for the three calendar years just preceding the year for which the support is being determined.